

**TESTIMONY PRESENTED TO THE
COMMERCE COMMITTEE
February 10, 2009**

*Karen J. Senich, Executive Director
Connecticut Commission on Culture & Tourism*

Testimony Regarding

Proposed S.B. No. 249

AN ACT CONCERNING THE FILM PRODUCTION TAX CREDIT.

Proposed H.B. No. 5919

AN ACT CONCERNING THE PROCESS FOR APPLYING FOR FILM TAX CREDITS.

Senator Lebeau, Representatives Berger and members of the Commerce Committee: my name is Karen J. Senich and I am the Executive Director of the Connecticut Commission on Culture & Tourism, whose mission is to preserve and promote all of Connecticut's cultural and tourism assets in order to enhance the quality of life and economic vitality of the State. I appreciate the opportunity to testify regarding proposed Senate Bill 249 and proposed House Bill 5919.

House Bill 5919 proposes the elimination of the requirement of an audit of a production's budget when the production has spent less than five hundred thousand dollars. The current requirement of an outside independent audit insures that only qualified production expenses or costs are included in an eligible production company's submitted application and, moreover, that the submission is subjected to a rigorous auditing procedure professionally undertaken that utilizes Generally Accepted Accounting Procedures (GAAP) and is professionally conducted by a verifiably licensed Connecticut Certified Public Accountant. These safeguards are of utmost importance in the dutiful stewardship of this Commission's issuance of film tax credits. It is crucial that this high level of independent scrutiny is maintained to protect the State. In addition, while the Commission employs highly experienced staff hired directly from the film and television production industry, they are not certified public accountants.

Senate Bill 249 proposes to limit the availability of tax credits to only those productions which conduct at least fifty percent (50%) of the production in a Connecticut studio. This limitation would serve to inhibit this burgeoning industry in the state as the majority of film productions are not filmed on a sound stage but rather on-location. Significant economies are realized by production companies not having to actually create at their expense everything that is seen on camera, but by simply utilizing preexisting sites and structures as what they are-- filming a bedroom as a bedroom, café as a café, or church as a church.

Thus productions need to be able to film on location as needed. Additionally, the State does not currently have sufficient inventory of purpose-built soundstages to support the resulting demand from the number of major productions who might attempt to comply with such a mandate.

I thank you for the opportunity to address you today.